

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5090-04
Bill No.: HCS for SCS for SB 672
Subject: Political Subdivisions; Fire Protection; Cities, Towns, and Villages; Annexation;
Department of Health; County Government; Retirement Systems and Benefits -
General; Attorneys
Type: Original
Date: April 28, 2014

Bill Summary: Changes the laws regarding political subdivisions

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(\$143,116)	(\$164,756)	(\$166,446)
Total Estimated Net Effect on General Revenue Fund	(\$143,116)	(\$164,756)	(\$166,446)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
PACERS Fund	\$434,025	\$520,830	\$520,830
MOSERS' Fund	(\$4,000,000 to \$10,000,000)	(\$4,000,000 to \$10,000,000)	(\$4,000,000 to \$10,000,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Greater than \$3,565,975 to Unknown)	(Greater than \$3,479,170 to Unknown)	(Greater than \$3,479,170 to Unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 26 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Employment Security	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	3 FTE	3 FTE	3 FTE
Total Estimated Net Effect on FTE	3 FTE	3 FTE	3 FTE

- ☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	(Unknown) or less than \$1,830,180	(Unknown) or less than \$2,196,216	(Unknown) or less than \$2,196,216

Revenues and costs net to zero

FISCAL ANALYSIS

ASSUMPTION

§37.020 - Certain nonprofit can be included as minority/women business enterprises

Officials at the **Office of Administration's Office of Equal Opportunity (OEO)** assume due to the complexity of what would be required by this legislation, OEO would need additional staffing to determine if not-for-profits meet the requirements to become certified as a "minority business enterprise" or "women's business enterprise". The Attorney General's Office currently has roughly 2,000 not-for-profits in their database, and the Secretary of State's Office has 41,620 Missouri based nonprofit organizations currently registered in the state that are in good standing. Their records also indicate that there are 63,967 inactive non-profits in Missouri. It is unknown how many Missouri not-for-profit organizations would meet the requirements to apply for "minority business enterprise" or "women's business enterprise" certification under this proposed legislation. Based on information obtained from OA's Division of Purchasing, there are approximately 221 Missouri not-for-profit organizations that have an existing current contract(s) with the state.

In order to meet the requirement of this proposed legislation, it is assumed that OEO would need to hire a Minority/Women Certification Coordinator, a Minority/Women Compliance Officer/Planner II, and an Inspector.

In the past, OEO has requested 3 FTEs to handle the duties. **Oversight** assumes 3 FTEs for this proposal. If additional resources are needed in the future, OEO can go through the appropriation process.

Officials at the **Department of Revenue** assume this legislation prohibits the state from awarding more than five points for those qualifying as a minority business enterprise or a women's business enterprise. If a bidder were to qualify as both, they may receive a maximum of 10 points. This will require the Department to amend the current license office RFP. In addition, this proposal will enable more tax exempt entities, under Section 501(c)(3), to also qualify as a minority business enterprise or a women's business enterprise. Costs associated with this proposal will be adsorbed by the Department of Revenue.

In response to similar legislation (HB 2272), officials at the the **Department of Conservation**, the **Department of Higher Education**, the **Missouri Veterans Commission**, the **Office of Prosecution Services**, the **Office of Administration's Division of Purchasing and Materials Management**, the **Office of the Secretary of State**, the **Office of State Treasurer**, the **Office**

ASSUMPTION (continued)

of the State Public Defender and the **State Emergency Management Agency** each assumed there is no fiscal impact to their respective agencies from this proposal.

Officials at the **Department of Elementary and Secondary Education** defer to the Office of Administration for fiscal impact.

Officials at the **Office of the Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Department of Agriculture**, the **Office of the State Courts Administrator**, the **Department of Economic Development**, the **Missouri Department of Transportation**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Health and Senior Services**, the **Department of Social Services**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety** and the **Office of the State Auditor** each assume no fiscal impact to their respective agencies from this proposal.

§49.266 - Authorizes county commissions in non-charter county to issue burn bans

Officials at the **Department of Agriculture**, the **Department of Natural Resources**, the **Department of Public Safety's Division of Fire Safety** and the **Joint Committee on Administrative Rules** each assume no fiscal impact to their respective agencies from this proposal.

In response to similar legislation (HB 2193), officials at the **Department of Conservation** assumed no fiscal impact from this proposal.

Officials at **St. Louis County**, the **St. Louis County Board of Election Commission** and the **Platte County Board of Election Commission** each assume no fiscal impact to their respective organizations from this proposal.

In response to similar legislation (HB 2193), officials at **Cole County** assumed no fiscal impact from this proposal.

ASSUMPTION (continued)

§56.060 - Modifies provisions of county prosecuting attorneys

Officials at the Office of Prosecution Services did not respond to **Oversight's** request for fiscal impact. Oversight assumes assume no fiscal impact from this proposal. If the Office of Prosecution Services needs additional resources in the future, they can go through the appropriation process.

Officials at the **Office of the State Courts Administrator** assume the proposed legislation modifies provisions relating to county prosecuting attorneys. There may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Officials at the **Department of Social Services** and the **Department of Revenue** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **City of Columbia, St. Louis County**, the **Platte County Board of Election Commission** and the **St. Louis County Board of Election Commission** each assume no fiscal impact to their respective organizations from this proposal.

In response to a previous version, officials at **Cole County** assumed no fiscal impact from this proposal.

Officials at the following boards of election commissions: St. Louis City Board of Election Commission and Clay County Board of Election Commission did not respond to **Oversight's** request for fiscal impact.

§§56.067, 56.265, 56.363, 56.807, 56.816 - Modifies provisions of prosecuting attorneys

In response to a previous version, officials at the **Prosecuting and Circuit Attorneys Retirement System** assumed, in the limited time available to review, that the proposal is intended to have a neutral effect on the financial condition of the system. However, more time to study and evaluate the actual effect is necessary. The officials cannot be certain that the actuarial effect of the return to part time status with a partially vested or fully vested prosecutor would in the end, actually be neutral.

Officials at the **Office of the State Courts Administrator** assume the proposed legislation modifies provisions relating to county prosecuting attorneys. There may be some impact but

ASSUMPTION (continued)

there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Officials at the **Department of Insurance, Financial Institutions and Professional Registration** assume no fiscal impact from this proposal.

In response to a previous version, officials at the **Office of the Secretary of State** and the **Office of the State Treasurer** each assumed no fiscal impact to their respective agencies from this proposal.

Officials at the **County Employee's Retirement Fund**, the **Platte County Board of Election Commission**, the **St. Louis County Board of Election Commission** and **St. Louis County** each assume no fiscal impact to their respective organizations from this proposal.

In response to a previous version, officials at the **City of Kansas City** and **Cole County** each assumed no fiscal impact to their respective organizations from this proposal.

The proposal is permissive in nature. If counties decide to have such a proposition submitted to their voters, they would incur election costs. If approved, the county could realize savings by going to a part-time county prosecutor position. For fiscal note purposes, **Oversight** show \$0 fiscal impact (no sharing) to Unknown savings starting in FY 2017.

§§56.800, 56.805, 56.807, 56.811, 56.827, 56.833, 56.840, 56.850, 56.860, 105.684 & 488.026 -
Modifies provisions related to Missouri Prosecuting Attorneys and Circuit Attorney's Retirement
System

In response to similar legislation (HB 1821), officials from the **Prosecuting and Circuit Attorneys' Retirement System (PACARS)** stated that originally a surcharge for many traffic violations, which were not resolved at the Fine Collection Center (FCC), was enacted to help fund PACARS. All counties are now required by the Supreme Court rule to use the FCC, which eliminates the surcharge revenue. This proposal restores the original intent and effect of the surcharge by restoring the lost funding.

Furthermore, the proposal addresses the fact that many counties are electing to make their Prosecuting Attorney a full time position in accordance with Section 56.363, RSMo. This election, once made, has the effect of increasing the pay of the prosecuting attorney position, and substantially increasing the retirement benefit as well as the required county contribution to

ASSUMPTION (continued)

PACARS. Several of the former prosecutors, vested in the old "part-time" benefit, have been reelected as prosecuting attorney after a hiatus of several years during which the county has elected to make the position full-time. Then, after a few years, without the requirement to vest again, the retirement benefit increases from as low as \$7,560 per year to about \$60,000 per year under the existing language of Chapter 56, RSMo. The original monies paid in do not support the new retirement benefit. The provisions of this proposal address the situation by requiring a new vesting period.

Officials from the **Joint Committee on Public Employee Retirement** assume the legislation primarily addresses the issues of: modifying the funding mechanism associated with the PACARS, requiring prosecutors in full-time positions to be considered full-time for retirement benefit purposes, addressing part-time and full-time service credit, prohibiting certain service transfers until vested status, and excluding PACARS from the 80% funding requirement to enact new benefit enhancements.

Due to the multiple provisions addressed in this legislation, such legislation may constitute a "substantial proposed change" in future plan benefits as defined in Section 105.660(10), RSMo. It is impossible to accurately determine the fiscal impact of this proposed legislation without an actuarial costs statement prepared in accordance with Section 105.660, RSMo, or affected plan analysis.

In response to similar legislation (HB 1821), officials from the **Office of the State Courts Administrator** stated that the above sections of the proposal would allow a \$4 surcharge for the PACARS Fund to be assessed and against persons who pled and paid a fine through the fine collection center.

ASSUMPTION (continued)

Based on data for the past five years, FY 09 through FY 13, we assume that the average is approximately 130,207 fine collection center cases on which this \$4 surcharge could be applied. We anticipate the revenue from the surcharge would be approximately \$520,830 in any given year.

FY 09	120,507
FY 10	120,443
FY 11	127,663
FY 12	144,130
<u>FY 13</u>	<u>138,325</u>
Total	651,038
Average	130,207

Oversight assumes this proposal will modify the county contribution to PACARS. The legislation proposes a variable county contribution tied to the PACARS funded ratio:

Funded Ratio	County Contribution
120% and higher	No monthly sum transmitted
Greater than 110% to less than 120%	Monthly sum reduced by 50%
90% to 110%	Standard monthly sum transmitted
80% to less than 90%	Monthly sum increased by 50%
Less than 80%	Monthly sum increased by 100%

The PACARS actuarial value, as of July 1, 2012, which is most recent, was 86%. According to the proposal, the counties will each have an increased contribution of 50%.

According to Section 56.807, RSMo, the current monthly county contributions are as follows:

1st Class: \$646
2nd Class: \$271
3rd Class: \$187
4th Class: \$187

NM:LR:OD

ASSUMPTION (continued)

Oversight assumes based on current actuarial value this would change their contributions to:

1st Class: \$969	Increase of: \$323
2nd Class: \$407	Increase of: \$136
3rd Class: \$281	Increase of: \$94
4th Class: \$281	Increase of: \$94

Oversight assumes that the increased cost to counties would create a negative fiscal impact on local governments. There are 17 first class counties, 4 second class counties, 89 third class counties, and 4 fourth class counties in Missouri. The increased cost to local governments would be (\$14,777) per month or (\$177,324) annually, if the funded ratio remains between 80% and 90%.

Officials at the **City of Columbia** and the **St. Louis County** each assume no fiscal impact to their respective organizations from this proposal.

§67.281 - Installation of Fire Sprinklers

Officials at the **Department of Economic Development** and the **Department of Public Safety's Division of Fire Safety** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **City of Columbia** and the **St. Louis County** each assume no fiscal impact to their respective organizations from this proposal.

§77.030 - Division of cities into wards

Officials at the **City of Columbia** and the **St. Louis County** each assume no fiscal impact to their respective organizations from this proposal.

Officials at the Office of the Secretary of State did not respond to **Oversight's** request for fiscal impact.

§79.050 - Elective officers

Officials at the **City of Columbia** and the **St. Louis County** each assume no fiscal impact to their respective organizations from this proposal.

ASSUMPTION (continued)

§§79.130, 79.135, & 79.145 - Voters in fourth class cities to propose ordinances

In response to similar legislation (SB 764), officials at the **City of Raytown** assumed this proposal has the potential to cost their community hundreds of thousands of dollars. Each election the City holds has a cost of \$20,000 to \$35,000 and that does not count their staff time to verify petitions. Given that only 25% of the people voting in the last election would amount to approximately 7% of their registered voters, it is realistic that 500 people in a community of 30,000 could force an immediate election on pretty much anything and everything considered via ordinance.

Oversight assumes there would be no cost to political subdivisions until a petition is presented. Then, there would be cost to the affected city clerk to verify signatures. Election costs would be incurred if the affected Board of Aldermen did not approve the petition proposal. Oversight will reflect a \$0 impact (no petition proposals presented) to unknown costs.

In response to similar legislation (SB 764), officials at the **Office of the Secretary of State** assumed no fiscal impact from this proposal.

Officials at the **Springfield Police Department**, the **City of Columbia** and **St. Louis County** each assume no fiscal impact to their respective organizations from this proposal.

In response to similar legislation (SB 764), officials at the **Boone County Sheriff's Department**, the **Jefferson City Police Department**, the **City of Kansas City** and the **Columbia Police Department** each assumed no fiscal impact to their respective organizations from this proposal.

§105.1415 - Volunteer work for a judge or prosecutor

Officials at the **Office of the State Courts Administrator** assume no fiscal impact from this proposal.

Officials at **St. Louis County** and the **City of Columbia** each assume no fiscal impact to their respective organizations from this proposal.

§§105.687, 105.688 & 105.690 - Selection of fiduciaries

Officials at the **Missouri Local Government Employees Retirement System (LAGERS)** assume this bill, requiring a mandated investment, presents a challenge to determine level of

ASSUMPTION (continued)

fiscal impact. Limiting investment manager selection based upon a statutory mandate rather than investment efficiencies and natural free market opportunity would potentially increase system costs for LAGERS investment process and likely reduce returns generated. By imposing this mandate, ultimately system returns may be lower; resulting in higher employer contribution rates paid by local jurisdictions.

Officials at the **Missouri State Employees' Retirement System (MOSERS)** assume a negative impact from this proposal. The majority of MOSERS' funding is not from state taxpayers but rather from better than average long-term investment returns. Approximately 66% of MOSERS funding comes from investment returns. Based on the size of the current portfolio (\$8.1 billion), the upper bound on the range of 5% of the fund would mandate that as much as \$450,000,000 of MOSERS' assets would be directed to instate venture capital firms. If this provision were enacted, MOSERS' would anticipate making at least 2% per year less on the money invested under this mandate, which would equate to an approximate loss in the range of \$4 to \$10 million per year. This also does not include higher fees associated with external managers.

Officials at the **Firemen's Retirement System of St. Louis** assume an unknown impact from this proposal. Currently, Venture Capital is not an asset class that is permissible in the investment policy for The Firemen's Retirement System of St. Louis. The policy of the Board is to invest the funds of the System for the plan participants as fiduciaries and since it is my understanding that venture capital firms will not contractually claim to be fiduciaries then it would be inconsistent with the Board's policy to invest in venture capital firms.

Relative to the cost to the System and/or the employer, the City of St. Louis, an investment of 2% to 5% of the System's assets in venture capital would require the liquidation of \$2M TO \$5M which would incur costs. Legal costs would be incurred for review of the contract and any issues that may arise between the venture capital firm and the System. And given that venture capital has a ten year record of under-performance as an asset class there exists the possibility that the System would be unable to sustain the assumption rate necessary to maintain the System's funded ratio.

Officials at the **Public School and Education Employee Retirement Systems of Missouri**, the **Office of the State Courts Administrator**, the **Department of Economic Development** and the **Department of Insurance, Financial Institutions and Professional Registration** each assume no fiscal impact to their respective agencies from this proposal.

ASSUMPTION (continued)

Oversight assumes that any costs to locals associated with promoting the use of venture capital firms, consultant and investment fiduciaries organized or incorporated in Missouri will be speculative. Should losses occur in the future, then locals can decide at that time what action needs to be taken to minimize any additional losses in the future through raising of fees or additional investing done by employees and employers.

§135.980 - Public Financial Incentive

Officials at the **Department of Economic Development** and the **Department of Revenue** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the State Tax Commission did not respond to **Oversight's** request for fiscal impact.

Officials at the **City of Columbia** and **St. Louis County** each assume no fiscal impact to their respective organizations from this proposal.

§190.088 - Notice of detachment from Ambulance district

Officials at various Ambulance Districts, the City of Riverside and Platte County did not respond to **Oversight's** request for fiscal impact. .

Oversight assumes this proposal is permissive in nature and would have no local fiscal impact without action by the governing body. Oversight will reflect a \$0 impact to Local Political Subdivisions.

§192.310 - City of St. Charles to establish and maintain a local health department

In response to similar legislation (HB 1653), officials at **St. Charles County** estimated the fiscal impact of this proposal to be unknown. The County has no information as to the City's intentions should this legislation be passed into law.

Officials at the **Department of Health and Senior Services** assume no fiscal impact from this proposal.

In response to similar legislation (HB 1653), officials at the **City of St. Charles** assumed no fiscal impact from this proposal.

ASSUMPTION (continued)

Oversight assumes this proposal to be permissive and will show a cost of \$0 or (Unknown) for Local Political Subdivisions.

§316.265 - License for any public amusement or entertainment venue

Officials at the **Office of the State Courts Administrator** and the **Department of Insurance, Financial Institutions and Professional Registration** each assume no fiscal impact from this proposal.

§§321.130 & 321.210 - Increase in filing fee for director of fire protection district board

In response to similar legislation (HCS for HB 2116), officials from the **Office of the Secretary of State, Cole County, St. Francois County, St. Louis County, the City of Columbia, the Central County Fire and Rescue District** and the **Kansas City Election Board** each assumed this proposal would have no fiscal impact on their organizations.

Officials at the **Platte County Board of Election Commission** and the **St. Louis County Board of Election Commission** each assume no fiscal impact to their respective organizations from this proposal.

Oversight received no other response to these provisions, and assumes the provisions would have no impact for fiscal note purposes.

§321.322 - Fire protection district annexation procedures for the City of Harrisonville

Officials at the **Department of Public Safety - Division of Fire Safety** assume no fiscal impact from this proposal.

In response to similar legislation (HB 1899), officials at the **State Tax Commission** assumed no fiscal impact from this proposal.

Officials at the City of Harrisonville and Cass County did not respond to **Oversight's** request for fiscal impact.

§407.1610 - Asphalt roofing shingles

Officials at the **Office of the State Courts Administrator** assume no fiscal impact from this

ASSUMPTION (continued)

proposal.

Officials at the **City of Columbia** and **St. Louis County** each assume no fiscal impact to their respective organizations from this proposal.

§§408.040, 488.305, 525.040, 525.070, 525.080, 525.230 & 525.310 - Garnishments

Officials at the **Department of Labor and Industrial Relations** assume §525.230 will allow banks to charge whatever amount is written into their contract with the debtor/defendant and that amount is taken out before the creditor, Division of Employment Security (DES), is paid. If there is not enough money in the account to pay the fee and the creditor, the bank is paid first and the amount given to the creditor is decreased. This will negatively impact the amount DES will receive whenever there is not enough money in the bank to pay everyone. The Department is responding with an unknown fiscal impact.

In response to similar legislation (HCS for HB 1612), officials at the **Office of Administration (OA)** assumed there is an unknown cost to the state from this proposal with the waiver of sovereign immunity in respect to garnishment of pay. OA currently receives approximately 5,000 writs per year. Currently, all writs are paid to the Cole County Sheriff. If any entity can serve OA by mail, it will complicate the process of garnishing wages and paying vendors.

Oversight assumes OA-Accounting is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA-Accounting could absorb the costs related to this proposal. If multiple bills pass which require duties at substantial costs, OA-Accounting could request funding through the appropriation process.

In response to similar legislation (HCS for HB 1612), officials at the **Office of the State Courts Administrator (CTS)** assumed the proposed legislation allows circuit court clerks to charge and collect a surcharge of up to \$10 in cases where a garnishment is granted.

ASSUMPTION (continued)

Based on data for the past four years, FY09 through FY12, CTS assumes that the average is approximately 237,354 executions and garnishments on which this surcharge could be applied. CTS assumes all circuit courts would collect a \$10.00 surcharge and anticipates the revenue would be approximately \$2,373,540 in any given year.

FY 09	211,043
FY 10	231,258
FY 11	250,212
FY 12	<u>256,904</u>
Total	949,417
Average	237,354

Oversight assumes all circuit court clerks will collect this fee and will reflect ten months of impact in FY 2015, or \$1,977,950 ($\$2,373,540/12 \times 10$).

In response to similar legislation (HCS for HB 1612), officials at the **City of Columbia** assumed an unknown fiscal impact from this proposal. §525.310.1 potentially makes the City responsible for payment of a garnishee's debt for a ministerial error by a City employee.

Oversight assumes that fiscal impact due to §525.310.1 would not happen unless a city employee makes an error. If this happens, the city will have to address the situation through the budget process.

In response to similar legislation (HCS for HB 1612), officials at the **Office of Prosecution Services**, the **Office of the State Public Defender** and the **Department of Conservation** each assumed no fiscal impact to their respective agencies from this proposal.

In response to similar legislation (HCS for HB 1612), officials at the **City of Kansas City**, the **St. Charles County Recorder of Deeds**, the **Cape Girardeau County Recorder of Deeds** and the **City of Jefferson** each assumed no fiscal impact to their respective organizations from this proposal.

Officials at the **Missouri Department of Transportation** and the **Department of Insurance, Financial Institutions and Professional Registration** each assume no fiscal impact to their respective agencies from this proposal.

ASSUMPTION (continued)

Officials at the **St. Louis County** assume no fiscal impact from this proposal.

§578.120 - Sale of motorcycles on Sundays

Officials at the **Department of Revenue** assumes §578.120 allows motor vehicle dealer's to sell motorcycles on Sundays. Procedures will need to be revised by a Management Analyst I requiring 40 hours at a cost of \$840 in FY15. The Dealers Operating Manual will need to be revised by a Management Analyst I requiring 40 hours at a cost of \$840 in FY15.

Oversight assumes this cost can be absorbed by the Department.

Officials at the **Department of Economic Development** assume no fiscal impact from this proposal.

Officials at the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

Officials at the following board of election commissions: St. Louis City Board of Election Commission and Clay County Board of Election Commission did not respond to **Oversight's** request for fiscal impact.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Cost - Office of Equal Opportunity</u> (§37.020)			
Personal Service	(\$87,430)	(\$105,965)	(\$107,025)
Fringe Benefits	(\$46,119)	(\$55,897)	(\$56,456)
Equipment and Expenses	(\$9,567)	(\$2,894)	(\$2,965)
<u>Total Cost - OEO (§37.020)</u>	(\$143,116)	(\$164,756)	(\$166,446)
FTE Change - OEO	3 FTE	3 FTE	3 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$143,116)</u>	<u>(\$164,756)</u>	<u>(\$166,446)</u>
Estimated Net FTE Change on General Revenue (§37.020)	3 FTE	3 FTE	3 FTE
PACARS FUND			
<u>Revenue - \$4 Fine Collection Center</u> Surcharge (§§56.800 56.805, 56.807, 56.811, 56.827, 56.833, 56.840, 56.850, 56.860, 105.684 & 488.026)	\$434,025	\$520,830	\$520,830
ESTIMATED NET EFFECT ON PACARS FUND	<u>\$434,025</u>	<u>\$520,830</u>	<u>\$520,830</u>
MOSERS' FUND			
<u>Loss - MOSERS' Fund - on investments</u> (§§105.687, 105.688, 105.690)	(\$4,000,000 to \$10,000,000)	(\$4,000,000 to \$10,000,000)	(\$4,000,000 to \$10,000,000)
ESTIMATED NET EFFECT ON MOSERS' FUND	<u>(\$4,000,000 to \$10,000,000)</u>	<u>(\$4,000,000 to \$10,000,000)</u>	<u>(\$4,000,000 to \$10,000,000)</u>

FISCAL IMPACT - State Government
(continued)

FY 2015
(10 Mo.)

FY 2016

FY 2017

EMPLOYMENT SECURITY FUNDS

Costs - Department of Labor and
 Industrial Relations - Garnishments
 (§525.230)

(Unknown)

(Unknown)

(Unknown)

**NET EFFECT ON EMPLOYMENT
 SECURITY FUNDS**

(Unknown)

(Unknown)

(Unknown)

FISCAL IMPACT - Local Government

FY 2015
(10 Mo.)

FY 2016

FY 2017

LOCAL POLITICAL SUBDIVISIONS

Cost - LAGERS' Fund - increased cost on
 investment process (§§105.687, 105.688,
 105.690)

(Unknown)

(Unknown)

(Unknown)

Costs - Counties - Increased PACARS
 contribution (§§56.800, 56.805, 56.807,
 56.811, 56.827, 56.833, 56.840, 56.850,
 56.860, 105.684 & 488.026)

(\$147,770)

(\$177,324)

(\$177,324)

Costs - Local Political Subdivisions -
 petition proposals (§§79.130, 79.135,
 79.145)

\$0 to
(Unknown)

\$0 to
(Unknown)

\$0 to
(Unknown)

<u>FISCAL IMPACT - Local Government</u> (continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
<u>Costs</u> - Local Political Subdivisions - establishing and maintaining a local health department (§192.310)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue</u> - Circuit Courts - Surcharge assessed and collected in cases where garnishment is granted (§§408.040, 488.305, 525.040, 525.070, 525.080, 525.230 & 525.310)	Up to \$1,977,950	Up to \$2,373,540	Up to \$2,373,540
<u>Costs</u> - Local Political Subdivisions - investment legal costs (§§105.687, 105.688, 105.690)	(Unknown)	(Unknown)	(Unknown)
<u>Savings</u> - Counties - Cost sharing of DA costs between multiple counties (§§56.067, 56.265, 56.363, 56.807, 56.816)	<u>\$0</u>	<u>\$0</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	(Unknown) or less than <u>\$1,830,180</u>	(Unknown) or less than <u>\$2,196,216</u>	(Unknown) or less than <u>\$2,196,216</u>

FISCAL IMPACT - Small Business

There may be a direct fiscal impact to small businesses as a result of this proposal.

FISCAL DESCRIPTION

§37.020

This act allows certain non-profit organizations to be included as minority business enterprises (MBE) and women's business enterprises (WBE) for public contract bidding preferences.

The following organizations shall be considered an MBE:

NM:LR:OD

FISCAL DESCRIPTION (continued)

- A 501(c)(3) not-for-profit organization based in Missouri that can show the following:
 - The organization's entire staff is comprised of at least twenty-five percent minorities or such staff is comprised of more than five percent greater than the average minority population of the geographic area that is served by the organization; and
 - The organization's staff that is classified as management or the twenty percent of the staff with the highest salaries is comprised of at least twenty percent minorities or such staff is comprised of a percentage that is greater than the average minority population of the geographic area that is served by the organization.

The following organizations shall be considered a WBE:

- A 501(c)(3) not-for-profit organization based in Missouri that can show the following:
 - The organization's entire staff is comprised of at least fifty-five percent women; and
 - The organization's staff that is classified as management or the twenty percent of the staff with the highest salaries is comprised of at least forty-five percent women.

MBE and WBE bidders shall not be awarded more than 5 points in the bidding process.

§§56.067, 56.265, 56.363, 56.807, 56.816

This act provides a method for the governing bodies of two or more contiguous counties in a judicial circuit to join together to form a prosecutorial district and share a district attorney upon the adoption of a resolution or charter amendment and the approval of a joint agreement.

Additional counties in the judicial circuit may join a prosecutorial district by the consent of each county participating in the district. The election to join a prosecutorial district is irrevocable.

The district attorney for a multi-county prosecutorial district is to be elected to an initial two-year term at the 2016 general election, and to four-year terms starting in 2018.

The governing body of a county in a single-county judicial circuit may convert the office of prosecuting attorney to a district attorney office by resolution or charter amendment. In a single-county circuit, the prosecuting attorney must immediately begin performing the additional duties required of a district attorney upon approval of the resolution or the amendment, but the election for the new district attorney position will not occur until the next regular election. This act repeals a provision of law requiring prosecuting attorneys to represent the state in appeals of misdemeanor cases and a provision allowing counties to make their part-time prosecutor position a full-time position.

FISCAL DESCRIPTION (continued)

Under this act, district attorneys must receive compensation equal to that of a circuit judge, which is prorated among the counties. This act provides that part-time prosecuting attorneys can be compensated according to the assessed valuation scale provided under current law or they may receive half the compensation of a full-time district attorney if the part-time prosecutor represents the juvenile officer in all juvenile court cases.

Current law provides that \$2,000 of a prosecuting attorney's salary is payable only if the prosecutor has completed at least 20 hours of classroom instruction each calendar year. This act provides that \$10,000 of the salary is payable only if the prosecutor has completed at least 30 hours of instruction.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

§§56.800, 56.805, 56.807, 56.811, 56.827, 56.833, 56.840, 56.850, 56.860, 105.684 & 488.026

Currently, each county treasurer must transfer a specified sum of money each month to the Prosecuting Attorneys and Circuit Attorneys' Retirement System Fund for use by the fund. Beginning August 28, 2015, the proposal requires that the county contribution be adjusted in accordance with the following schedule based on the retirement system's annual actuarial valuation report:

- (1) If the system's funding ratio is 120% or more, no monthly sum must be transmitted;
- (2) If the system's funding ratio is more than 110% but less than 120%, the monthly sum transmitted must be reduced 50%;
- (3) If the system's funding ratio is at least 90% and up to 110%, the monthly sum transmitted must remain the same;
- (4) If the system's funding ratio is at least 80% and less than 90%, the monthly sum transmitted must be increased 50%; and
- (5) If the system's funding ratio is less than 80%, the monthly sum transmitted must be increased 100%.

Currently, a surcharge of \$4 is assessed and collected in all criminal cases filed in court, including any violation of a county ordinance or any violation of the state's criminal or traffic

FISCAL DESCRIPTION (continued)

laws, including infractions. The proposal adds any person who has pled guilty and paid a fine through a fine collection center to the list of those who are to be assessed the surcharge. In addition, the proposal allows prosecuting attorneys, in all counties that elect to make the position of prosecuting attorney a full-time position, to participate in the retirement system for prosecuting and circuit attorneys. The prosecutor is eligible for the same benefits as a full-time prosecutor in a county of the first classification.

§§105.687, 105.688, 105.690

This proposal promotes the use of venture capital firms, consultant and investment fiduciaries organized or incorporated in Missouri, or having a principal place of business in Missouri, to the greatest extent feasible within the bounds of financial and fiduciary prudence.

§§79.130, 79.135, 79.145

This act allows voters in fourth class cities to propose ordinances via initiative petition. In order for a petition to be certified by the city clerk, it must be signed by at least ten percent of the city's registered voters voting for mayor at the last municipal election. Once the petition has been certified by the clerk, the board of aldermen must either pass the ordinance or submit the question of whether to pass the ordinance to the voters at the next municipal election, unless the petition has been signed by 25 percent or more of the registered voters, in which case the board of aldermen must immediately submit the question. The ordinance is enacted if it receives approval from a majority of the voters. Ordinances enacted via initiative petition cannot be repealed or amended except by a vote of the people.

This act also provides a procedure for voters in fourth class cities to protest the passage of ordinances. Under this act, most ordinances do not take effect for ten days after passage. During that ten-day period, voters may submit a petition signed by at least 25 percent of the registered voters of the city to the board of aldermen in protest against the passage of the ordinance. If a petition is submitted, the ordinance is suspended from taking effect and the board of aldermen must reconsider the ordinance. If the ordinance is not entirely repealed, the board of aldermen must submit the ordinance to a vote and the ordinance only takes effect upon receiving approval from a majority of the voters.

§192.310

This bill adds the City of St. Charles to those cities that are exempt from the provisions regarding the appointment of a county health officer if the city furnishes the Department of Health and Senior Services with reports of designated contagious, infectious, communicable, or dangerous diseases and other required statistical information.

FISCAL DESCRIPTION (continued)

§§408.040, 488.305, 525.040, 525.070, 525.080, 525.230 & 525.310

This bill specifies that judgments must accrue interest on the judgment balance, which is the total amount of the judgment awarded on the day judgment is entered including, but not limited to, principal, prejudgment interest, and all costs and fees. Post-judgment payments or credits must be applied first to post-judgment costs, then to post-judgment interest, and then to the judgment balance. In a case where a garnishment is granted, the clerk of the circuit court may charge and collect a surcharge of up to \$10 for the clerk's duties. The moneys collected from this surcharge must be placed in a fund to be used at the discretion of the clerk to maintain and improve case processing and record preservation.

Writs of garnishment which would otherwise have equal priority must have priority according to the date of service on the garnishee. If the employee's wages have been attached by more than one writ of garnishment, the employer must inform the inferior garnisher of the existence and case number of all senior garnishments. The garnishee may deduct a one-time sum of up to \$20, or the fee previously agreed upon between the garnishee and judgment debtor where the garnishee is a financial institution, for his or her trouble and expenses in answering the interrogatories and withholding the funds, to be withheld from any funds garnished, in addition to the moneys withheld to satisfy the court-ordered judgment. This fee must not be a credit against the court-ordered judgment and must be collected first. The garnishee may file a motion with the court for additional costs, including attorney fees, reasonably incurred in answering the interrogatories, and the court may make an award as it deems reasonable. The motion must be filed on or before the date the garnishee makes payment or delivers property subject to garnishment to the court.

The bill repeals the current provisions regarding a judgment against an officer, appointee, or employee of this state or any municipal corporation or other political subdivision of the state and specifies that the provisions constitute a waiver of sovereign immunity with respect to garnishment of the pay of state, municipal, or other political subdivision employees. The state, municipal, or other political subdivision employer served with a garnishment must have the same duties and obligations as those imposed upon a private employer when served with garnishment. Pay of any officer, appointee, or employee of the state or any municipal corporation or other political subdivision of the state must be subject to garnishment to the same extent as in any other garnishment, and all garnishments against the employee must proceed in the same manner as any other garnishment except service of legal process to a department, municipal corporation, or other political subdivision of the state may be accomplished by certified mail, return receipt requested, or by personal service upon the appropriate agent designated for receipt of the service of process or the head of the department, municipal corporation, or other political subdivision of

FISCAL DESCRIPTION (continued)

the state if no agent has been designated.

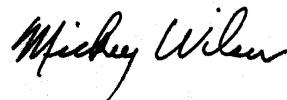
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
St. Louis County Board of Election Commission
Cole County
St. Louis County
Office of the State Treasurer
Platte County Board of Election Commission
Prosecuting and Circuit Attorneys Retirement System
Office of the State Courts Administrator
Office of Prosecution Services
Office of the State Public Defender
Department of Revenue
City of Columbia
City of Jefferson
Kansas City Board of Election Commission
Office of Administration's Office of Equal Opportunity
Department of Corrections
Department of Higher Education
Missouri Veteran's Commission
Office of Administration's Division of Purchasing and Materials Management
State Emergency Management Agency
Department of Economic Development
Office of the Attorney General
Department of Agriculture
Missouri Department of Transportation
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Central County Fire and Rescue District
State Tax Commission
St. Charles County Recorder of Deeds
Department of Natural Resources
Department of Health and Senior Services
Department of Labor and Industrial Relations
Department of Public Safety
 Division of Fire Safety
Office of the State Auditor
Joint Committee on Administrative Rules
Jackson County Board of Election Commission

SOURCES OF INFORMATION (continued)

City of Kansas City
Cape Girardeau County Recorder of Deeds
County Employee Retirement Fund
Joint Committee on Public Retirement
City of Baytown
Springfield Police Department
Boone County Sheriff's Department
Jefferson City Police Department
Columbia Police Department
Missouri Local Government Employees Retirement System
Missouri State Employee Retirement System
Firemen's Retirement System of St. Louis
Public School and Education Employee Retirement System of Missouri
St. Charles County
City of St. Charles
St. Francois County



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